

28 February 1983

NOTE FOR: Vice Chairman, National Intelligence Council

FROM: Constantine C. Menges
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SUBJECT: Latin America - Examples of Possible Contingencies

As requested here is a sketch of three possibilities.

1. Soviet deployment of cruise or ballistic submarines to the Caribbean with basing in Grenada. In March 1982 Brezhnev threatened that the NATO Pershing II deployment will be met with "analogous steps" close to the US. Soviet hydrographic research service, the new Cuban port of Punta Movida and activities in Grenada all point to the possibility of such an event.

2. Military Coup in El Salvador by the far right. Though a low probability it might possible that the minority of far right officers (10% - 15%) combine with the civilian far right and convince a sizeable group of officers to take power in order to "win the war more quickly." The probability of such an event increases the greater the uncertainty in El Salvador about continued US support.

3. Latin American oil exporters debt payment moratorium. Mexico, Venezuela, Ecuador and Peru will all be adversely affected by the decline in oil prices. Their foreign debts total about \$120 billion. What might be the political and economic effects of their being unwilling or unable to meet their debt payments later this year?

ccm
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